

# Chapter 2

## The Sales Process

### Objectives

After completing this chapter, you should be able to:

- Track company sales (page 29)
- Set up customer records in the Customer Center (page 34)
- Track income and expenses by Job (page 41)
- Record Sales Receipts (page 42)
- Use the Undeposited Funds account to track your cash receipts (page 46)
- Record Invoices and Payments from customers (page 49)
- Record bank deposits of cash, check, and credit card receipts (page 63)

#### Restore this File

This chapter uses Sales-12.QBW. To open this file, restore the Sales-12.QBM file to your hard disk. See page 8 for instructions on restoring files. If you are using QuickBooks Premier Accountant, we recommend that you toggle to QuickBooks Premier General Business as described on page x.

**Note:** When you restore a data file, depending on today's date, you may see one or more "Alerts" for learning to process credit cards, pay taxes, or similar activities. Click Mark as Done when you see these alerts.

In this chapter, you will learn how QuickBooks can help you record and track revenues in your business.

Each time you sell products or services, you will record the transaction using one of QuickBooks' forms. When you fill out a QuickBooks **Invoice** or **Sales Receipt**, QuickBooks tracks the detail of each sale, allowing you to create reports about your sales.

### Tracking Company Sales

Academy Photography tracks each sale individually on either an **Invoice** form (for sales to credit customers) or a **Sales Receipt** form (for customers who pay immediately using cash, checks, or credit cards).

The *Customers* section of the *Home* page window provides you with a graphical flow of the steps involved in the sales process.

When you open the sample file, the *Home* page is displayed. Academy Photography is a service and merchandising photo studio which sells products and provides services, so the home page displays activities likely to be used in this type of business (see Figure 2-1). The *Home* page is customized for each business type based on answers to questions in the setup interview. You'll learn about the company setup process later in this book.

Table 2-1 provides more details about the cash and credit customer sales processes. In this table, you can see how to record business transactions for cash and credit customers. In addition, the table shows the *accounting behind the scenes* of each transaction. As discussed on page 4, the accounting behind the scenes is critical to your understanding of how QuickBooks converts the information on forms (Invoices, Sales Receipts, etc.) into accounting entries. Each row in the table represents a business transaction you might enter as you proceed through the sales process.




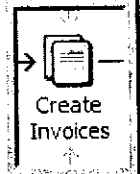



Business Transaction	Cash Customers (Pay by cash, check, or credit card at time of sale)		Credit Customers (Pay on a date after the sale date)	
	QuickBooks Transaction	Accounting Entry	QuickBooks Transaction	Accounting Entry
Customer Estimate (Optional)	Not Usually Used		 Estimates	Non-posting entry used to record estimates (bids) for Customers or Jobs
Customer Sales Order (Optional)	Not Usually Used		 Sales Orders	Non-posting entry used to record customer orders
Recording a Sale	 Create Sales Receipts	Increase (debit) <b>Undeposited Funds</b> , increase (credit) <i>income</i> account.	 Create Invoices	Increase (debit) <b>Accounts Receivable</b> , increase (credit) <i>income</i> account
Receiving Money in Payment of an Invoice	No additional action is required on the sales form.		 Receive Payments	Decrease (credit) <b>Accounts Receivable</b> , increase (debit) <b>Undeposited Funds</b>
Depositing Money in the Bank	 Record Deposits	Increase (debit) <i>bank</i> Account, decrease (credit) <b>Undeposited Funds</b> .	 Record Deposits	Decrease (credit) <b>Undeposited Funds</b> , increase (debit) <i>bank</i> Account

Table 2-1 Steps in the sales process

For cash customers, use the **Sales Receipt** form to record your sale. The *Sales Receipt* form records the details of what you've sold and to whom you sold it. By default, a special account called **Undeposited Funds** is used in these transactions. This account is an *Other Current Asset* account, and it can be thought of as a drawer where you keep your checks and other deposits before making a trip to the bank. See page 46 for more information on **Undeposited Funds**.

**The accounting behind the scenes:**

When you create a **Sales Receipt**, QuickBooks increases (with a debit) a **bank account or Undeposited Funds** (i.e., funds you have received from customers but have not yet deposited at your bank), and increases (with a credit) the appropriate *income* account. If applicable, **Sales Receipts** also increase (with a credit) the sales tax liability account. If the sale includes an Inventory Item, it also decreases (credits) the Inventory asset and increases (debits) the Cost of Goods Sold account.

For credit customers, create an **Invoice** for each sale. The **Invoice** form records the details of what you've sold and to whom you sold it.

**The accounting behind the scenes:**

When you create an **Invoice**, QuickBooks increases (with a debit) **Accounts Receivable** and increases (with a credit) the appropriate *income* account. If applicable, **Invoices** also increase (with a credit) the sales tax liability account. If the sale includes an Inventory Item, it also decreases (credits) the Inventory asset and increases (debits) the Cost of Goods Sold account.

As shown in Table 2-1, when you receive money from your credit customers, use the **Receive Payments** function to record the receipt.

**The accounting behind the scenes:**

When you record a received **Payment**, QuickBooks increases (with a debit) **Undeposited Funds** or a bank account, and decreases (with a credit) **Accounts Receivable**.

If you post a **Sales Receipt** or a **Payment to Undeposited Funds**, which is the default option, the last step in the process is to make a **Deposit** to your bank account. This step is the same for both cash and credit customers. Use the **Make Deposits** function to record the deposit to your bank account. This is the only way to ensure that the amount in **Undeposited Funds** gets applied to the correct bank account.

If you prepare estimates (sometimes called bids) for Customers or Jobs, you can create an **Estimate** to track the details of what the sale will include. QuickBooks does not post **Estimates** to the **General Ledger**, but it helps you track the estimate until the job is complete. QuickBooks also provides reports that help you compare estimated vs. actual revenues and costs.

**The accounting behind the scenes:**

When you create an **Estimate**, QuickBooks records the estimate, but there is no accounting entry made. **Estimates** are "non-posting" entries.

If you use sales orders in your business, you can use a **Sales Order** form to track the details of what the sale will include. QuickBooks does not post **Sales Orders** to the **General Ledger**, but it helps you track your orders until they are shipped to the customer. **Sales Orders** are very similar to **Estimates** because they are both non-posting entries, and they both help you track future sales. **Sales Orders** are more appropriate for product businesses, and **Estimates** are more appropriate for service businesses. **Sales Orders** are only available in QuickBooks Premier and Enterprise Solutions.

**The accounting behind the scenes:**

When you create a **Sales Order**, QuickBooks records the sales order, but there is no accounting entry made. **Sales Orders** are “non-posting” entries.

In the following sections, you will learn about each step of the payment at the time of sale and invoicing workflows.

## Setting Up Customers

For each of your customers, create a record in the **Customers & Jobs** list of the *Customer Center*. Academy Photography has a new credit customer – Dr. Tim Feng. To add this new customer, follow these steps:

### COMPUTER PRACTICE

- Step 1. Select the **Customers** icon from the *Icon bar*
- Step 2. To add a new customer, select **New Customer** from the **New Customer & Job** drop-down menu (see Figure 2-4).

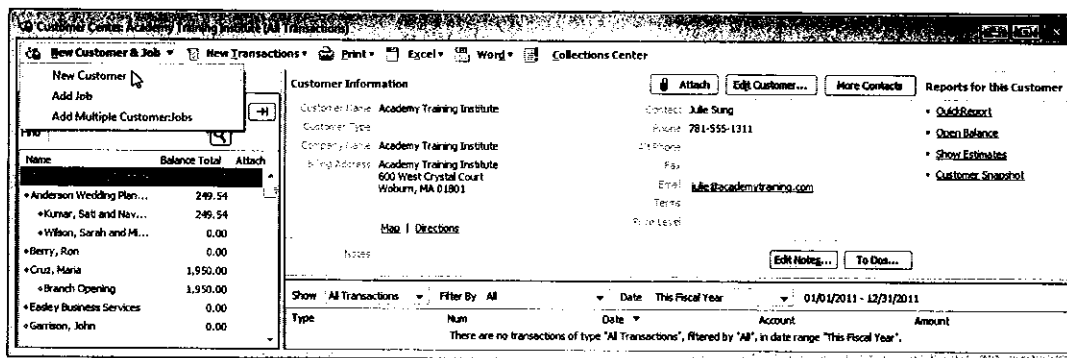


Figure 2-4 Adding a new customer record

- Step 3. Enter **Feng, Tim** in the *Customer Name* field (see Figure 2-5) and then press **Tab**.
- Step 4. Press **Tab** twice to skip the *Opening Balance* and *as of* fields.

The date in the *as of* field defaults to the current date. Since you will not enter an amount in the *Opening Balance* field, there is no need to change this date.

Do not enter anything in the *Opening Balance* field. It shows on the *New Customer* window so that you *could* enter the balance due from this customer, but it is much better to enter each open Invoice for each customer. See the following important tip for a more thorough explanation.

**Leave Opening Balance blank.** Since you are not entering an Opening Balance, the date will not be recorded and does not need to be changed. The date on your screen will reflect the current date.

**Use the tabs labeled Address Info, Additional Info, Payment Info, and Job Info to enter data into the customer record. Click on a tab to display its fields.**

Figure 2-5 New Customer window

**Important Tip:**

It is best NOT to use the *Opening Balance* field in the customer record. When you enter an opening balance for a customer in the *Opening Balance* field, QuickBooks creates a new account in your Chart of Accounts called **Uncategorized Income**. Then, it creates an **Invoice** that increases (debits) **Accounts Receivable** and increases (credits) **Uncategorized Income**.

It is preferable to enter the actual open Invoices for each customer when you set up your company file. That way, you will have all of the details of which Invoice is open, and what items were sold on the open Invoices. When you use Invoices, the actual income accounts will be used instead of **Uncategorized Income**.

- Step 5. Because this customer is an individual (i.e., not a company), press **Tab** to skip the *Company Name* field.
- Step 6. Continue entering information in the rest of the fields using the data in Table 2-2. Press **Tab** after each entry.

Put on

Field	Data
Mr./Mrs.	<i>Dr.</i>
First Name	<i>Tim</i>
M.I.	<i>S.</i>
Last Name	<i>Feng</i>
Bill To Address	<i>Tim S. Feng</i> <i>300 Main St., Suite 3</i> <i>San Jose, CA 95111</i>
Hint: Press Enter to move to a new line in this field.	
Contact	Tim S. Feng (this field will auto-populate)
Phone	<i>408-555-8297</i>
FAX	<i>408-555-8298</i>
Alt. Ph.	<i>408-555-6711</i>
Alt. Contact	<i>Don Brewer</i>
E-Mail	<i>drf@df.com</i>
Ship To	Click >>Copy>>. This displays the <i>Add Shipping Address Information</i> window (see Figure 2-6). Type <i>Office</i> in the Address Name field and click OK. In QuickBooks, you can select multiple Ship To addresses for your customers.

Table 2-2 Data to complete the Address Info tab

**Add Shipping Address Information**

Name: Feng, Tim

Address Name: Office

Address: Tim S. Feng  
300 Main St., Suite 3

City: San Jose

State / Province: CA

Zip / Postal Code: 95111

Country / Region:

Note:

☒ Show this window again when address is incomplete or unclear

☒ Default shipping address

OK Cancel

**Type Office in the Address Name field to select a specific name for this Ship To address. QuickBooks allows users to select multiple Ship To addresses for each customer.**

Figure 2-6 Add Ship To Address Information window

Figure 2-7 shows the finished Address Info section of the customer record. Verify that your screen matches Figure 2-7.

**New Customer**

Customer Name: Feng, Tim

Opening Balance: as of 01/01/2015 How do I determine the opening balance?

**Address Info** | Additional Info | Payment Info | Job Info

Company Name:   
 Mr./Ms./... Dr.   
 First Name: Tim M.I. S.   
 Last Name: Feng

Contact: Tim S. Feng   
 Phone: 408-555-8297   
 FAX: 408-555-8298   
 Alt. Phone: 408-555-6711   
 Alt. Contact: Don Brewer   
 E-mail: drf@df.co   
 Cc:

Addresses   
 Bill To:   
 Tim S. Feng   
 300 Main St., Suite 3   
 San Jose, CA 95111   
 Ship To: Office   
 Tim S. Feng   
 300 Main St., Suite 3   
 San Jose, CA 95111

☐ Customer is inactive

☒ Default shipping address

Figure 2-7 Completed Address Info tab

**Tip:**

There are four name lists in QuickBooks: **Vendor**, **Customer:Job**, **Employee**, and **Other Names**. After you enter a name in the *Customer Name* field of the *New Customer* window, you cannot use that name in any of the other three lists in QuickBooks.

**When Customers are Vendors:**

When you sell to and purchase from the same company, you'll need to create two records – one in the Vendor List and one in the Customer:Job list. Make the two names slightly different. For example, you could enter Feng, Tim-C in the *New Customer* window and Feng, Tim-V in the *New Vendor* window. The vendor and customer records for Tim Feng can contain the same contact information.

Step 7. Click the **Additional Info** tab to continue entering information about this customer as shown in Figure 2-8.

Step 8. Select **Business** from the *Type* drop-down list and then press **Tab**.

QuickBooks allows you to group your customers into common types. By grouping your customers into types, you'll be able to create reports that focus on one or more types. For example, if you create two types of customers, Residential and Business, you are able to tag each customer with a type. Then you can create reports, statements, or mailing labels for all customers of a certain type.

Step 9. Select **Net 30** from the *Terms* drop-down list as the terms for this customer and then press **Tab**.

QuickBooks is *terms smart*. For example, if you enter terms of 2% 10 Net 30 and a

customer pays within 10 days, QuickBooks will automatically calculate a 2% discount. For more information about setting up your Terms list, see page 218.

Step 10. Select **MM** in the *Rep* drop-down list and then press **Tab**.

The *Rep* field can contain the initials of one of your employees or vendors. Use this field to assign a sales rep to this customer. If you use the *Rep* field, you can create reports (e.g., Sales by Rep report) that provide the sales information you need to pay commissions. Each sales form (**Invoice** or **Sales Receipt**) can have a different name in the *Rep* field.

Figure 2-8 Completed Additional Info tab

Step 11. Press **Tab** to leave the default setting of **None** in the *Preferred Send Method* field.

You would use the *Preferred Send Method* field if you plan to email Invoices to a customer on a regular basis or if you plan to use QuickBooks' Invoice printing and mailing service.

**Note:**

For more information on the QuickBooks invoice payment and mailing service, select the **Help** menu and then select **Add QuickBooks Services**. You will then be directed online to the Intuit website. Scroll down and click on the **QuickBooks Billing Solutions** link under the *Financial Services* section. Additional transaction fees apply for this service.

Step 12. Press **Tab** to accept the **Tax** default **Sales Tax Code** in the *Tax Code* field.

**Sales Tax Codes** serve two purposes. First, they determine the default taxable status of a customer, item, or sale. Second, they are used to identify the type of tax exemption. For complete information on sales tax codes, see page 81.



- Step 13. Set the *Tax Item* field to **Santa Clara**. This indicates which sales tax rate to charge and which agency collects the tax. Press **Tab** when finished.

**Tip:**

In most states, you charge sales tax based on the delivery point of the shipment. Therefore, the **Sales Tax Item** should be chosen to match the tax charged in the county (or tax location) of the *Ship To* address on the *Address Info* tab.

- Step 14. Press **Tab** to leave the *Resale Number* field blank.

If the customer is a reseller, you would enter his or her reseller number.

- Step 15. Select **Commercial** from the *Price Level* drop-down list. See page 220 for information on setting up and using price levels. Press **Tab**.

- Step 16. Enter **Santa Clara** in the *County* field.

The **Define Fields** button on the **Additional Information** tab allows you to define **Custom Fields** to track more information about your customers. For more information on setting up and using custom fields, see page 223.

- Step 17. Verify that your screen matches Figure 2-8 and then click the **Payment Info** tab to continue entering information about this customer as shown in Figure 2-9.

- Step 18. Enter **3543** in the *Account No.* field to assign a customer number by which you can sort or filter reports. Press **Tab**.

- Step 19. Enter **3,000.00** in the *Credit Limit* field and press **Tab**.

QuickBooks will warn you if you record an Invoice to this customer when the balance due (plus the current sale) exceeds the credit limit. Even though QuickBooks warns you, you'll still be able to record the Invoice.

- Step 20. Select **Visa** from the *Preferred Payment Method* drop-down list and then press **Tab**. When you set the fields on this window, you won't have to enter the credit card information each time you receive money from the customer.

**Tip:**

If more than one person accesses your QuickBooks file, set up a separate user name and password for each additional user. When you set up a user, you can restrict him or her from accessing *Sensitive Accounting Activities*. This will prevent the additional user from seeing the customer's credit card number. See page 405 for more information about setting up user names and passwords.

- Step 21. Enter the remaining data as shown in Figure 2-9 in the *Preferred Payment Method* section. Some of the fields will auto-populate as you tab into those fields. You may overwrite the auto-populated values if needed.

**Note:**

If you track multiple jobs for each customer, it is best NOT to enter job information on the *Job Info* tab of the main customer record. If you want to track jobs for this customer, you can create separate job records in the **Customers & Jobs** list.

**New Customer**

Customer Name: Feng, Tim

Opening Balance: \_\_\_\_\_ as of 01/01/2015 ☐ [How do I determine the opening balance?](#)

**Address Info** **Additional Info** **Payment Info** **Job Info**

Account No.: 3543

Credit Limit: 3,000.00

Preferred Payment Method: Visa

Credit Card No.: 1234123412341234 Exp. Date: 01 / 2016

Name on card: Tim S. Feng

Address: 300 Main St., Suite 3

Zip / Postal Code: 95111

[Can I save the Card Security Code?](#)

☐ Customer is inactive

OK Cancel Next Help

**If you use the QuickBooks merchant account service, enter the default credit card number here. This sets defaults on sales transactions for this customer.**

Figure 2-9 Completed Payment Info tab

Step 22. If you were adding several customers at a time, you would click **Next** to begin adding another customer. In this case, click **OK** to save and close the *New Customer* window.

**Note:**

If you see an error message when saving the Feng, Tim customer (see Figure 2-10), you may not be in the correct exercise file. Make sure you restore the correct file at the start of each chapter and problem, otherwise your exercises may not match the activities in this book. For this chapter, you should be using Sales-12.QBW. For instructions on restoring portable files, please see page 8.

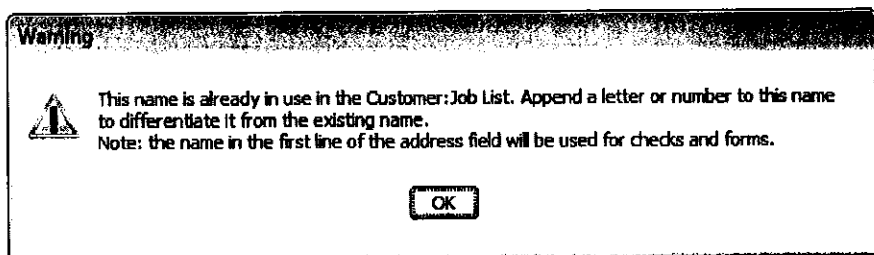


Figure 2-10 Error Message when saving a Name that already exists

Step 23. Close the Customer Center by clicking the close button () on the *Customer Center* window or by pressing the Esc key.

## Job Costing

QuickBooks tracks jobs in addition to customers. For each customer in the **Customers & Jobs** list, you can create one or more jobs. This helps you track income and expenses on each *Job*, so that you can create reports showing detailed or summarized information about each *Job*.

To create a job for an existing customer record, open the *Customer Center*, then select the customer, and then select **Add Job** from the **New Customer & Job** drop down menu. You don't need to do this now, because the sample data file already has Jobs set up.

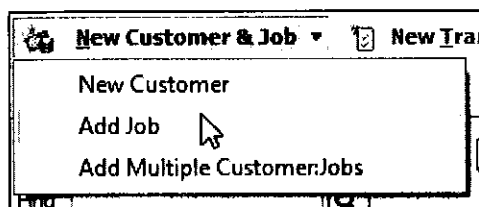
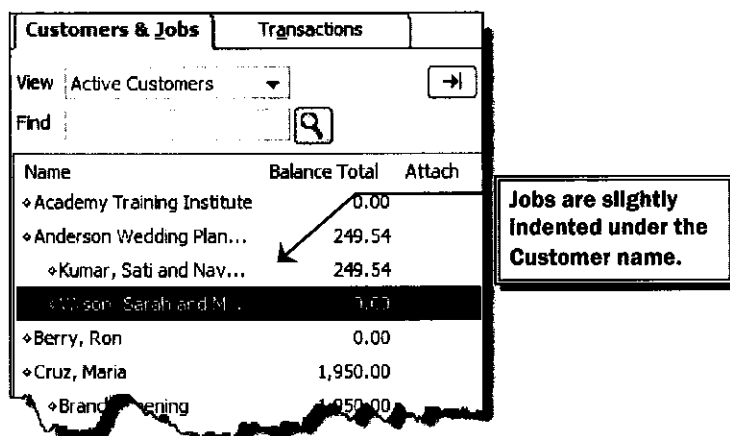


Figure 2-11 Adding a Job to an existing customer record

### Key Term:

Tracking income and expenses separately for each Job is known as *Job Costing*. If your company needs to track job costs, make sure you include the Job name on each income and expense transaction as these transactions are entered.

In the **Name** column of the *Customers & Jobs* list, Jobs are slightly indented under the Customer name.



Jobs are slightly indented under the Customer name.

Figure 2-12 Customers & Jobs list

### Did You Know?

To **Quick Add a Job** for a **Customer** on an Invoice or Sales Receipt, enter the Customer's name followed by a colon (the Customer name must already exist in the Customer list first). After the colon, enter the name of the job. QuickBooks will then prompt you to either *Quick Add* or *Set Up* the Job. If the *Customer* record already includes job information on its Job tab, you won't be able to use *Quick Add* to create a Job for the customer. In this case, you will need to create the job in the **Customers & Jobs** list before you begin entering sales.

## Recording Sales

Now that you've set up your **Customers**, you're ready to begin entering sales. You don't have to have all your customers set up before you begin entering sales transactions. As you'll see, it's also possible to create a new Customer record when you record the first sale to a customer. However, creating the Customer records beforehand will significantly reduce the amount of time needed to record each sale.

There are two QuickBooks forms for recording sales transactions. The first is the **Sales Receipts** form. Use this form when you receive a cash, check, or credit card payment at the time of the sale. The other sales form is the **Invoice**. Use this form when you record credit sales to customers.

## Entering Sales Receipts

When customers pay at the time of the sale by cash, check, or credit card, create a **Sales Receipt** transaction.

### COMPUTER PRACTICE

Step 1. Click the **Create Sales Receipts** icon in the *Customers* section on the *Home* page (see Figure 2-13). This opens the *Enter Sales Receipts* window (see Figure 2-14).

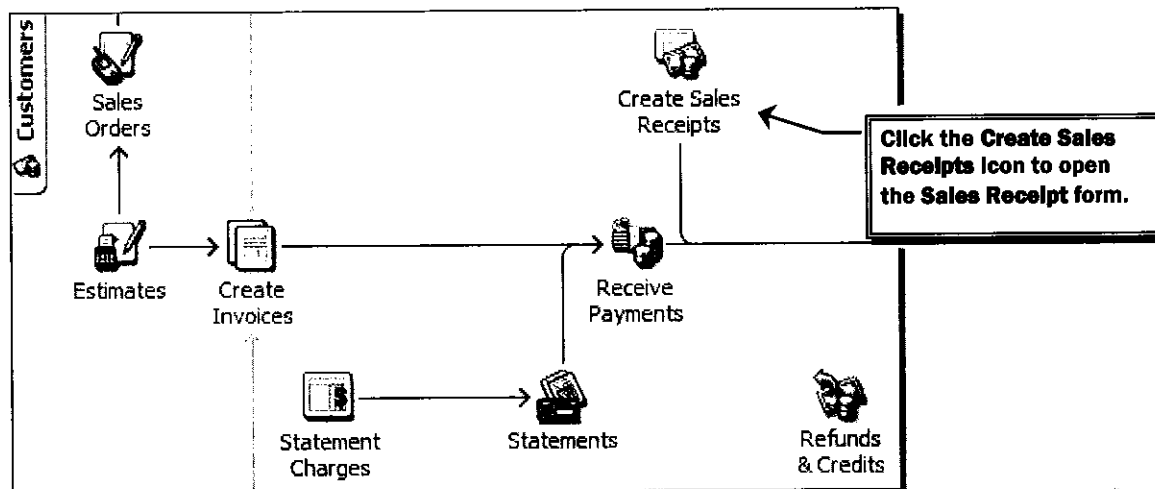


Figure 2-13 Selecting Sales Receipts icon on the Home page

Step 2. Enter **Perez, Jerry** in the *Customer:Job* field and press **Tab**.

#### Note:

Many forms display Customer Summary information in the *History Pane* on the right side of the form, which includes two tabs – one for *Customer* (also called *Name*) information and the other for *Transaction* information. Jerry Perez is a new Customer and therefore does not have any information or history to display.

Step 3. When the *Customer:Job Not Found* warning window appears (see Figure 2-15), click **Quick Add** to add this new customer to the *Customer:Job* list. If you choose this option, you can edit the customer record later to add more details.

Figure 2-14 Sales Receipt form

**Note:**

**Quick Add** works on all your lists. Whenever you type a new name into any field on any form, QuickBooks prompts you to **Quick Add**, **Set Up**, or **Cancel** the name.

**Tip:**

If your customer is an individual (i.e., not a business), it's a good idea to enter the customer's last name first. This way, your **Customer:Job** list sorts by last name so it will be easier to find names in the list.

Figure 2-15 Use Quick Add to add new customers

Step 4. Enter **San Jose** in the **Class** field and then press **Tab** twice.

QuickBooks uses classes to separately track income and expenses for departments, functions, activities, locations, or profit centers. For more information on classes, see page 103. Note that if the Class has already been set up, it will appear in that field as you type it or in the drop-down menu.

Step 5. In the **Template** field, **Custom Sales Receipt** is already selected. Press **Tab**.

You can create your own custom forms, as you'll learn in the section beginning on page 224.

- Step 6. Enter **01/25/2015** in the *Date* field and then press **Tab** (see Figure 2-16).

**Did You Know?**

Whenever you enter a date in QuickBooks, you can use any of several shortcut keys to quickly change the date. For example, if you want to change the date to the first day of the year, press **y**. "Y" is the first letter of the word "year," so it's easy to remember this shortcut. The same works for the end of the year. Press **r** since that's the last letter of the word "year." The same works for "month" (**m** and **h**) and "week" (**w** and **k**). You can also use the **+** and **-** keys to move the date one day forward or back. All of these shortcuts will be relative to the date already entered in the date field. Finally, press **t** for "today" or the system date.

- Step 7. Enter **2015-1** in the *Sale No.* field.

The first time you enter a *Sales Receipt*, enter any number you want in the *SALE NO.* field. QuickBooks will automatically number future Sales Receipts incrementally. You can change or reset the numbering at any time by overriding the *SALE NO.* on a Sales Receipt.

- Step 8. Press **Tab** to skip the *Sold To* field.

QuickBooks automatically fills in this field, using the information in the *Bill To* field of the customer record. Since you used *Quick Add* to add this customer, there is no address information. You could enter an address in the *Sold To* field by entering it directly on the sales form. When you record the Sales Receipt, QuickBooks will give you the option of adding the address in the *Bill To* field of the customer record.

- Step 9. Enter **3612** in the *Check No.* field and then press **Tab**.

The number you enter here shows up on your printed deposit slips. If you were receiving a cash or credit card payment, you would leave this field blank.

- Step 10. Select **Check** from the *Payment Method* drop-down list (or start typing the word **Check**) and then press **Tab**.

If you wanted to add a new payment method, you would enter the new method in this field. QuickBooks would prompt you to either *Quick Add* or *Set Up* the new *Payment Method*.

- Step 11. Select **Indoor Photo Session** from the *Item* drop-down list and then press **Tab**.

- Step 12. Press **Tab** to accept the default description *Indoor Studio Session* in the *Description* column.

As soon as you enter an Item, QuickBooks enters the description, rate, and sales tax code using data from the Item that has already been set up.

- Step 13. In the *Tax* column, the *Non* sales tax code is already selected. Press **Tab**.

- Step 14. Enter **1** in the *Qty.* (quantity) column and then press **Tab**.

- Step 15. Leave the default rate at **95.00** in the *Rate* column and then press **Tab**.

- Step 16. Press **Tab** to accept the calculated amount in the *Amount* column.

After you enter the rate and press **Tab**, QuickBooks calculates the amount by

multiplying the quantity by the rate. If you override the *Amount* field, QuickBooks calculates a new rate by dividing the amount by the quantity.

- Step 17. Select **Premium Photo Package** from the *Item* drop-down list and then press **Tab** three times.
- Step 18. Enter **2** in the *Quantity* column and press **Tab**.
- Step 19. Press **Tab** to accept the default rate of **85.00**.

You can override this amount directly on the Sales Receipt if necessary. As with the line above, QuickBooks calculates the total in the *Amount* column and QuickBooks uses the default sales tax code *Tax*, which is set up for the *Premium Photo Package* Item.

- Step 20. Select **Thank you for your business.** from the *Customer Message* drop-down list.

You can enter a message in the *Customer Message* field that will show on the printed *Sales Receipt*. This is typically a thank you message, but it can be whatever you want. If you type in a new message, *Quick Add* will prompt you to add your new message to the *Customer Message* list. If you want to edit an existing Customer Message, or if you want to remove a Customer Message from the list, select the *Lists* menu, then select *Customer & Vendor Profile Lists*, and then select *Customer Message List*.

- Step 21. Press **Tab** and enter **Santa Clara** in the *Tax* field, then **Tab** again to advance to the *Memo* field.

The Sales Tax item shown in the *Tax* field determines the rate of tax to be charged on all *Taxable* Items shown on the form. Each line in the body of the Invoice is marked with a Sales Tax Code that determines the taxability or non-taxability of the item on that line (see Figure 2-16).

**Enter Sales Receipts**

Customer: Job Class  
Perez, Jerry San Jose

Template: Print Preview  
Custom Sales Receipt

Date: 01/25/2015 Sale No.: 2015-1

**Sales Receipt**

Sold To: Perez, Jerry

Summary  
Open balance: 0.00

Check No.: 2612

Item	Description	Tax	Qty	Rate	Amount
Indoor Photo Session	Indoor Studio Session	Non	1	75.00	75.00
Premium Photo Package	Premium Package of Photography from Session	Tax	2	85.00	170.00
Customer Message	Thank you for your business.	Tax: Santa Clara (8.25%)			14.03
<b>Total</b>					<b>279.03</b>

Customer Tax Code: Tax Memo: Indoor Session, 2 Premium Packages

Notes: Edit

Buttons: Previous, Next, Save, Print, E-mail, Ship, Find, Spelling, History, Get Online Pmts, Template, Print Preview, Customer, Transaction, Edit Customer, QuickReport, Add Time/Costs..., Process payment when saving, Save & Close, Save & New, Clear

Figure 2-16 Completed Sales Receipt

- Step 22. Enter **Indoor Session, 2 Premium Packages** in the *Memo* field.

- Step 23. Press **Tab** so that the *To be printed* checkbox is selected. Enter the **Spacebar** on the keyboard to uncheck this box.

**Note:**

Entering the spacebar on the keyboard when a checkbox is selected will either check or uncheck that checkbox.

- Step 24. Click **Save & Close** to record the sale.

QuickBooks does not record any of the information on any form until you save the transaction by clicking *Save & Close*, *Save & New*, *Previous*, or *Next*.

**Note:**

If you prefer to use your keyboard over the mouse, you can use the **Alt** key on in combination with other keys to execute commands. QuickBooks will tell you which key can be used in connection with the **Alt** key by underlining the letter in the command. For example, in the Sales Receipt window, the **S** is underlined on the *Save & New* button. You can save the receipt and move to a new Sales Receipt window by pressing the **Alt** key with the **S**.

- Step 25. QuickBooks displays the *Name Information Changed* dialog box. This dialog box appears because you set the *Tax Item* field to *Santa Clara*. Click the **Yes** button.

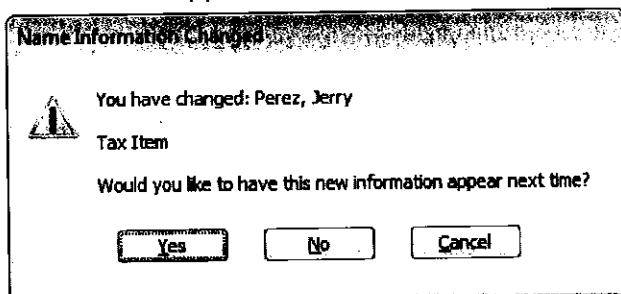


Figure 2-17 Name Information Changed dialog box

## Undeposited Funds

The **Undeposited Funds** account is a special account that is automatically created by QuickBooks. The account works as a temporary holding account where QuickBooks tracks checks and other receipts before the money is deposited in a bank account.

As illustrated in Figure 2-18, as you record Payments and Sales Receipts, QuickBooks gives you a choice between (Option 1) grouping all receipts into the **Undeposited Funds** account or (Option 2) immediately depositing the funds to one of your bank accounts.



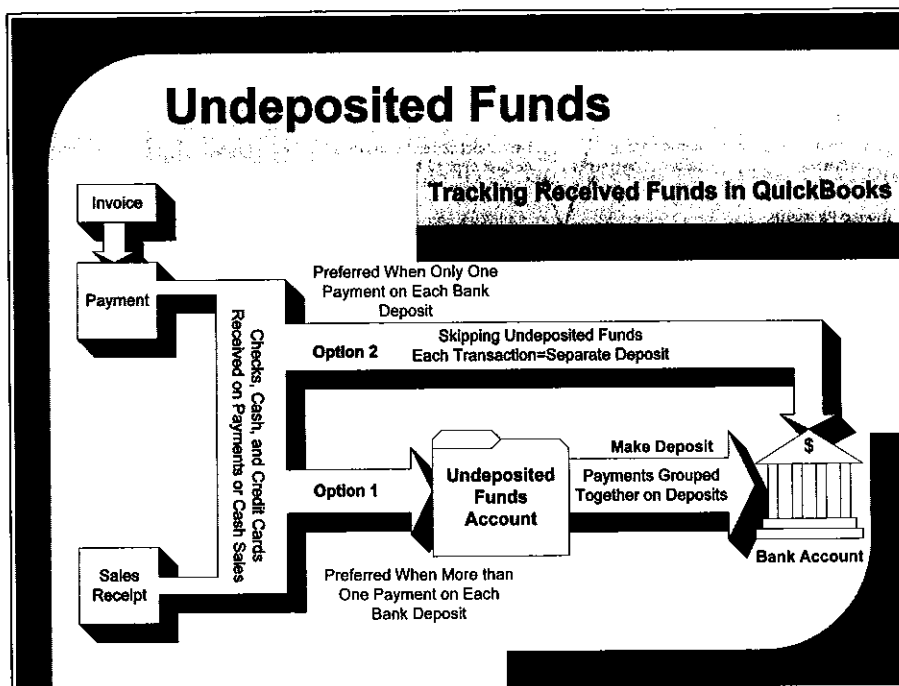


Figure 2-18 All funds from sales transactions go through **Undeposited Funds** or directly to a bank account.

There is a tradeoff here. When you use the **Undeposited Funds** account, you have to create a separate transaction (an additional step) to actually deposit money into a bank account. At first that might seem like extra work. However, when you skip the **Undeposited Funds** account, each sales transaction creates a separate deposit in your bank account.

Since it is most common to have multiple sales transactions per bank deposit, QuickBooks has a default preference setting that makes all Payments and Sales Receipts affect the balance in the **Undeposited Funds** account. Then when you actually make a deposit at the bank, you record a single deposit transaction in QuickBooks that empties the **Undeposited Funds** account into the bank account. This method makes it much easier to reconcile the bank account at the end of each month because the deposits on the bank statement will match the deposits in your QuickBooks bank account. Unless you only make one sale each day and your deposits include only the funds from that single sale, you will want to keep this default preference.

### COMPUTER PRACTICE

You can modify the **Undeposited Funds** preference by following these steps:

- Step 1. Select the *Edit* menu and then select **Preferences**.
- Step 2. Select **Payments** on the left side of the *Preferences* window.
- Step 3. In the **Company Preferences** tab, the box next to **Use Undeposited Funds as a default deposit to account** is checked (see Figure 2-19).
- Step 4. If you prefer to deposit payments individually, uncheck the box next to **Use Undeposited Funds as a default deposit to account**. You will then have the option to select an account to deposit to in the *Sales Receipt* and *Receive Payment* windows.
- Step 5. Click **Cancel** to leave default setting for the use of **Undeposited Funds**.

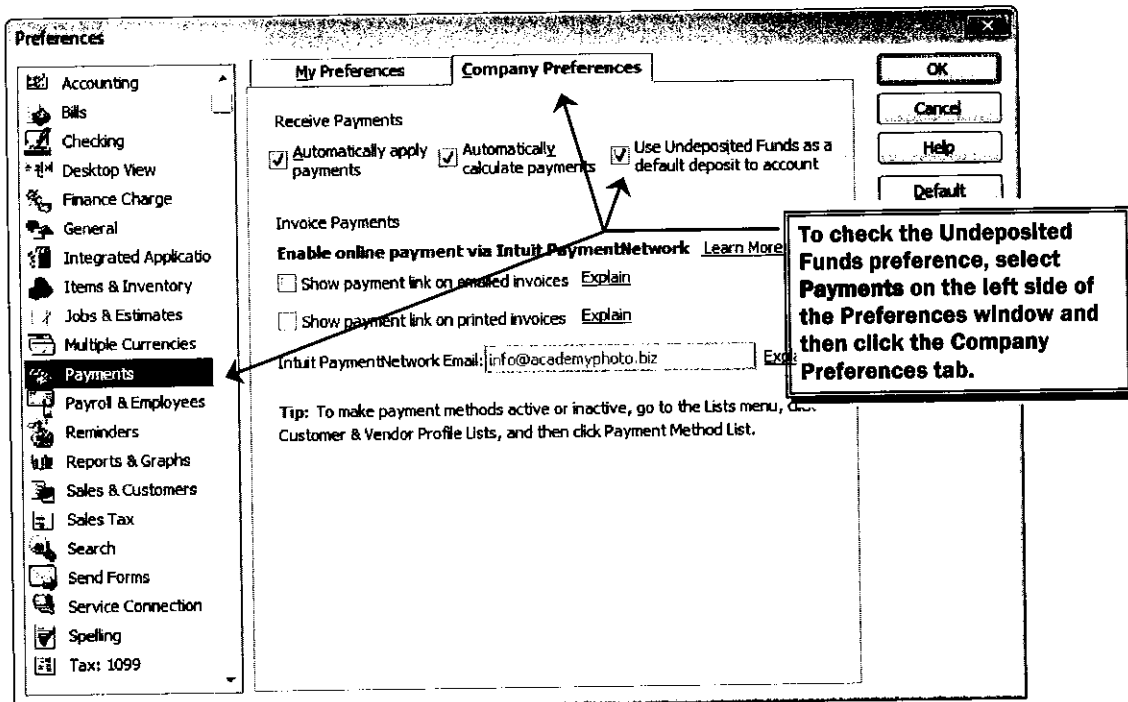


Figure 2-19 Preference for Payments to go to Undeposited Funds or another account

When this preference is off (see Figure 2-20), QuickBooks displays the **Deposit To** field on the **Receive Payments** and **Enter Sales Receipt** windows (see Figure 2-21).

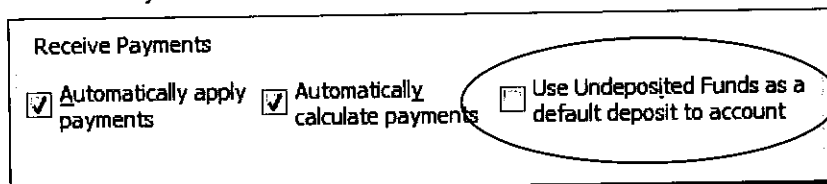


Figure 2-20 Setting for Undeposited Funds on Company Preferences for Payments

You must choose a destination account for the transaction from the *Deposit to* drop-down list.

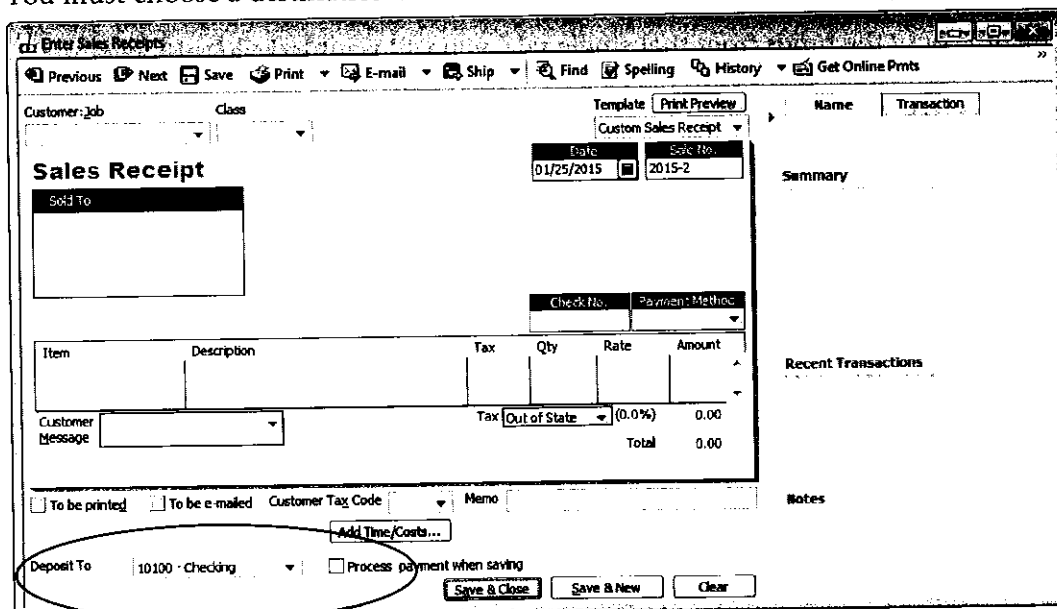


Figure 2-21 The *Deposit To* field shows on Sales Receipts when the Undeposited Funds preference is off.

## Creating Invoices

Invoices are very similar to **Sales Receipts**. The only difference is that **Invoices** increase **Accounts Receivable** while **Sales Receipts** increase **Undeposited Funds** (or the specified bank account). You should use **Invoices** to record sales to your credit customers.

### COMPUTER PRACTICE

To create an Invoice, follow these steps:

Step 1. From the **Customer Center** select **Mason, Bob** from the **Customers & Jobs** list. Then select **Invoices** from the **New Transactions** drop-down list.

Alternatively, click the **Create Invoices** icon on the **Home** page and select **Mason, Bob** from the **Customer/Job** drop-down list. Press **Tab** (see Figure 2-22).

The screenshot shows the 'Create Invoices' window in QuickBooks. The 'Customer:Job' is set to 'Mason, Bob'. The 'Invoice' form is displayed with the following details:

- Bill To:** Bob Mason, 376 Pine St, #5E, Morgan Hill, CA 95111
- Ship To:** Ship To 1, Bob Mason, 376 Pine St, #5E, Morgan Hill, CA 95111
- Date:** 01/25/2015
- Invoice #:** 2015-106
- Terms:** 2% 10 Net...
- Rep:** MM
- Ship:** 01/25/2015
- Vo:** [blank]
- F.O.B.:** [blank]
- Quantity:** [blank]
- Item Code:** [blank]
- Description:** [blank]
- Price:** [blank]
- Amount:** [blank]
- Class:** [blank]
- Tax:** Santa Clara (8.25%) 0.00
- Total:** 0.00

The **History Pane** on the right shows a summary of the customer's account, including a balance of 1,172.86. The **Recent Transactions** section lists two open invoices: 01/09/15 Invoice (776.47) and 12/18/14 Invoice (401.39). A **Hide Button** is visible next to the **History Pane**.

Figure 2-22 Invoice with Bob Mason selected

### Did You Know?

When you type the first few characters of any field that has a list behind it, QuickBooks completes the field using a feature called **QuickFill**. QuickFill uses the first few characters you type to find the name in the list. If the name does not come up right away, keep typing until the correct name appears.

Step 2. Notice that Bob Mason has two open invoices listed in the **History Pane**.

The **History Pane** displays recent transactions and notes about a customer or a transaction on **Invoices** and **Sales Receipts**.

Step 3. Click the **Hide** button to hide the **History Pane**. The Hide button is a right facing triangle on the top left edge of the **History Pane** (see Figure 2-22).

Step 4. Click in the **Class** field. Enter an **s** in the **Class** field. QuickBooks will QuickFill the field with the full word **San Jose**. Then press **Tab** twice.

Step 5. In the **Template** field, select **Academy Photo Service Invoice**. Press **Tab**.

Step 6. Enter **01/26/2015** in the **Date** field and then press **Tab**.

- Step 7. Leave **2015-106** in the *Invoice #* field and then press **Tab**.

The first time you enter an Invoice, enter any number you want in the *Invoice #* field. QuickBooks will automatically number future Invoices incrementally. You can change or reset the numbering at any time by overriding the number on a future Invoice.

- Step 8. Press **Tab** to accept the default information in the *Bill To* field.

QuickBooks automatically enters the address in this field, using the information in the *Bill To* field of the customer record. If necessary, change the *Bill To* address by typing over the existing data.

- Step 9. Leave the *P.O. No.* field blank and then press **Tab**.

The P.O. (purchase order) number helps the customer identify your Invoice. When your customers use purchase orders, make sure you enter their P.O. numbers on Invoices you create for them.

**Warning:**

Make sure you enter the P.O. number if your customer uses purchase orders. Some customers may reject Invoices that do not reference a P.O. number.

- Step 10. In the *TERMS* field, **2% 10 Net 30** is already selected. Press **Tab** to proceed to the next field.

The *TERMS* field on the *Invoice* indicates the due date for the *Invoice* and how long your customer can take to pay you. The entry in this field determines how this Invoice is reported on Customers & Receivables reports such as the *A/R Aging Summary* and the *Collections Report*. To learn more about the *Terms List*, and how to set up terms, see page 218.

- Step 11. Enter the sale of 2 Hours for an Indoor Photo Session and 1 Standard Photo Package into the body of the *Invoice* as shown in Figure 2-23.

- Step 12. Select **Thank you for your business** from the *Customer Message* drop-down list and then press **Tab**.

- Step 13. **Santa Clara** in the *Tax* field is already selected. Press **Tab**.

As with Sales Receipts, QuickBooks selects the *Sales Tax Item* based on the defaults in *Sales Tax Preferences* or in the Customer's record.

- Step 14. Enter **2 Hr Indoor Session, 1 Standard Package** in the *Memo* field at the bottom of the form.

**Tip:**

If you intend to send statements to your customers, the *Memo* field is extremely important. QuickBooks allows you to show line item detail from your customer's Invoices. However, if you want your statements to be more concise, you can choose not to show the line item detail and show the text from the *Memo* field instead. The text from the *Memo* field will show along with the information in the *INVOICE #*, and *DATE* fields. The customer's statement will also show a three-letter code "INV" representing the Invoice transaction. Therefore, it is best to include information about the products or services you sold to the customer in the *Memo* field.

- Step 15. Make sure *Show online payment link of invoices* is unchecked.

If you check *Show online payment link on invoices*, your customers can pay you through the *Intuit PaymentNetwork*. These transactions include a fee and will not be used in the classroom environment. You can learn more about the *Intuit PaymentNetwork* at the Intuit website or by clicking the *Learn More* link next to the checkbox.

- Step 16. Compare your screen with the Invoice shown in Figure 2-23. If you see any errors, correct them. Otherwise, click **Save & Close** to record the Invoice.

**Create Invoices**

Previous Next Save Print Send Create Ship Find Spelling

Customer: Job  
Mason, Bob

Class  
San Jose

Template Print Preview  
Academy Photo Ser...

Date 01/26/2015 Invoice # 2015-106

**Invoice**

Bill To  
Bob Mason  
376 Pine St, #5E  
Morgan Hill, CA 95111

P.O. No. Terms  
2% 10 Net...

Item	Quantity	Description	Rate	Amount	Class	Tax
Indoor Photo Session	2	Indoor Studio Session	95.00	190.00	San Jose	Non
Standard Photo Package	1	Standard Package of Photography from Session	55.00	55.00	San Jose	Tax
Customer Message	Thank you for your business.		Tax Santa Clara (8.25%)	4.54		
			<b>Total</b>	<b>249.54</b>		

☐ To be printed ☐ To be e-mailed

Add Time/Costs... Apply Credits... Payments Applied 0.00  
Balance Due 249.54

Customer Tax Code Tax

Memo 2 Hr Indoor Session, 1 Standard Package

☐ Show online payment link on invoices [Learn more](#)

Save & Close Save & New Clear

Figure 2-23 Completed Invoice

QuickBooks automatically tracks all of the accounting details behind this transaction so that all of your reports will immediately reflect the sale. For example, the Open Invoices report, the Profit & Loss Standard report, and the Balance Sheet Standard report will all change when you record this Invoice.

### Adding Calculating Items to an Invoice

On the next Invoice, you'll learn how to include discounts and subtotals on an Invoice. Discounts and subtotals are called *Calculating Items*.

#### Key Term:

*Calculating Items* use the amount of the preceding line to calculate their amount. For example, if you enter 10% in the Discount item setup window and then enter the Discount item on an Invoice, QuickBooks will multiply the line just above the Discount item by 10% and enter that number, as a negative, in the **Amount** column for the discount line.

**COMPUTER PRACTICE**

To create an Invoice with a calculating item, follow these steps:

- Step 1. From the *Customer Center* select the **Branch Opening** job for Cruz, Maria from the *Customers & Jobs* list.
- Step 2. Select **Invoices** from the *New Transactions* drop-down list; or, press Ctrl+ I.
- Step 3. The Branch Opening job for Cruz, Maria is already selected. Press **Tab**.
- Step 4. Enter **Walnut Creek** in the *Class* field and then press **Tab** twice.
- Step 5. The Academy Photo Service Invoice template in the *Template* drop-down list is already selected. Press **Tab**.
- Step 6. **1/26/2015** is already entered in the *Date* field. Press **Tab**.
- Step 7. Notice the **INVOICE #** is automatically entered for you with the next Invoice number (i.e. **2015-107**). Press **Tab** to skip to the next field.
- Step 8. Press **Tab** to skip the **Bill To** field.
- Step 9. Press **Tab** twice to skip the **P.O. No.** and the **Terms** fields.
- Step 10. Enter the two items shown in Table 2-3 in the body of the Invoice.

Item	Description	Qty	Rate	Amount
Camera SR32	Supra Digital Camera SR32	4	695.99	2,783.96
Lens	Supra Zoom Lens	1	324.99	324.99

Table 2-3 Data for use in the Invoice

- Step 11. On the third line of the body of the Invoice, in the **Item** column, enter **Subtotal** to sum the previous two item lines, and press **Tab** twice.

Notice that QuickBooks automatically calculates the sum of the first two lines on the Invoice.

- Step 12. Enter **Disc 10%** in the **Item** column and press **Tab**.

The **Disc 10%** Item is a special Calculating Item that calculates a percentage of the preceding line on sales forms. Since it is a **Discount Item**, QuickBooks performs the calculation and enters a negative amount for your discount. This subtracts the discount from the total of the Invoice and adjusts sales tax accordingly.

**Create Invoices**

Previous Next Save Print Send Create Ship Find Spelling

Customer: Job Cruz, Maria: Branch Open... Class Walnut C... Template Academy Photo Ser... Print Preview

Date 01/26/2015 Invoice # 2015-107

**Invoice**

**Bill To**  
Maria Cruz  
123 First Street  
Walnut Creek, CA 94596

**The Subtotal and Disc 10% Items are "calculating Items."**

Item	Quantity	Description	Rate	Amount	Class	Tax
Camera SR 32	4	Supra Digital Camera SR 32	695.99	2,783.96	Walnut Creek	Tax
Lens	1	Supra Zoom Lens	324.99	324.99	Walnut Creek	Tax
Subtotal		Subtotal		3,108.95		
Disc 10%		10 % Discount	-10.0%	-310.90	Walnut Creek	Tax

P.O. No. Terms 2% 10 Net...

Customer Message Tax Contra Costa (8.25%) 230.84

Total 3,028.89

☐ To be printed ☐ To be e-mailed Add Time/Costs... Apply Credits... Payments Applied 0.00

Customer Tax Code Tax Balance Due 3,028.89

Memo 4 Cameras, Lens

☐ Show online payment link on invoices [Learn more](#) Save & Close Save & New Clear

Figure 2-24 Completed Invoice with discount

**Did You Know?**

You can insert or delete lines on an Invoice (or any other form). To insert a line between two existing lines, click on the line that you want to move down and press Ctrl+INS (or select the **Edit** menu, and then select **Insert Line**). To delete a line, click on the line you want to delete and press Ctrl+Del (or select the **Edit** menu, and then select **Delete Line**).

- Step 13. Leave the *Customer Message* field blank.
- Step 14. Leave **Contra Costa** in the *Tax* field. Also leave **Tax** in the *Customer Tax Code* field.
- Step 15. Enter **4 Cameras, Lens** in the *Memo* field.
- Step 16. Verify that your screen matches Figure 2-24. To save the Invoice, click **Save & Close**.

**Recording Transaction**

The credit limit for Cruz, Maria is 3,000.00. The current balance, including this transaction, is 4,978.89. Continue?

Yes No

Figure 2-25 Recording Transaction window warns you about the customer's credit limit

- Step 17. If you see the *Recording Transaction* warning about Maria Cruz exceeding her credit limit (Figure 2-25), click **Yes**.

## Open Invoices Report

Now that you've entered Invoices for your customers, QuickBooks' reports reflect the Invoices that are "open" and the "age" of each Invoice. The Open Invoices report is shown in Figure 2-26.

### COMPUTER PRACTICE

- Step 1. Select the **Reports** menu, select **Customers & Receivables**, and then select **Open Invoices**.
- Step 2. Set the *Dates* field at the top of the report to **01/31/2015** and then press **Tab**.
- Step 3. Verify that your Open Invoices report matches Figure 2-26.
- Step 4. Close the report by clicking the (X) in the upper right corner of the window.

Type	Date	Num	P.O. #	Terms	Due Date	Class	Aging	Open Balance
<b>Anderson Wedding Planners</b>								
Kumar, Sati and Naveen								
Invoice	12/21/2014	4003		Net 30	01/20/2015	San Jose	11	249.54
Total Kumar, Sati and Naveen								249.54
Total Anderson Wedding Planners								249.54
<b>Cruz, Maria</b>								
Branch Opening								
Invoice	01/05/2015	2015-101		2% 10 Net 30	02/04/2015	Walnut Creek		570.00
Invoice	01/06/2015	2015-102		2% 10 Net 30	02/05/2015	Walnut Creek		500.00
Invoice	01/13/2015	2015-105		2% 10 Net 30	02/12/2015	Walnut Creek		880.00
Invoice	01/26/2015	2015-107		2% 10 Net 30	02/25/2015	Walnut Creek		3,028.89
Total Branch Opening								4,978.89
Total Cruz, Maria								4,978.89
<b>Mason, Bob</b>								
Invoice	12/18/2014	3947		Net 30	01/17/2015	San Jose	14	401.39
Invoice	01/09/2015	2015-104		Net 30	02/08/2015	San Jose		776.47
Invoice	01/26/2015	2015-106		2% 10 Net 30	02/25/2015	San Jose		249.54
Total Mason, Bob								1,427.40
<b>Miranda's Corner</b>								
Invoice	01/08/2015	2015-103		Net 30	02/07/2015	Walnut Creek		1,191.80
Total Miranda's Corner								1,191.80
<b>TOTAL</b>								<b>7,847.63</b>

Figure 2-26 Open Invoices report

- Step 5. If you see a *Memorize Report* dialog box, click the **No** button.

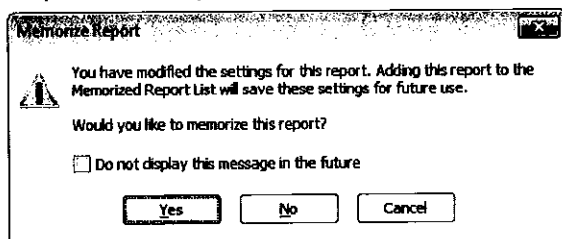


Figure 2-27 Memorized Reports window



**Did You Know?**

You can adjust the width of any column on the report by dragging the small diamond at the right of the column title to the left (narrowing the columns) or to the right (widening the columns).

## Receiving Payments from Customers

### Receiving Payments by Check

To record payments received from your customers and apply the payments to specific Invoices, follow these steps:

#### COMPUTER PRACTICE

- Step 1. Click **Receive Payments** on the *Home* page.
- Step 2. Select **Mason, Bob** in the *Received From* field of the *Receive Payments* window (see Figure 2-28). Once a customer is selected, the *Customer Payment* window shows the open Invoices for that specific customer. This section shows the dates of the Invoices, along with the Invoice number, original amount, the last date for the prompt payment discount, and the amount due.

**Customer Payment**

Received From: Mason, Bob Customer Balance: 1,427.40

Amount: 0.00 Date: 01/26/2015

Pmt. Method: Reference #

Memo: Where does this payment go?

Card No.: Exp. Date

☐ Process payment when saving

Find a Customer/Invoice...

Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
12/18/2014	3947	401.39		401.39	0.00
01/09/2015	2015-104	776.47		776.47	0.00
01/26/2015	2015-106	249.54	02/05/2015	249.54	0.00
Totals		1,427.40		1,427.40	0.00

This customer has discounts available. To apply discounts click Discount & Credits...

Amounts for Selected Invoices

Amount Due: 0.00

Auto Apply Payment: Applied 0.00

Discount & Credits...: Discount and Credits Applied 0.00

Save & Close Save & New Clear

Figure 2-28 Receive Payments window

- Step 3. Enter 401.39 in the *Amount* field and then press **Tab**.
- Step 4. Enter 1/27/2015 in the *Date* field and then press **Tab** (see Figure 2-29).
- Step 5. Select **Check** from the *Pmt. Method* drop-down list and then press **Tab**.
- Step 6. Enter 5256 in the *Check No.* field and then press **Tab**.
- Step 7. Enter **Payment Received - Invoice #3947** in the *Memo* field and then press **Tab**.

When entering a memo, type **Payment Received** followed by the Invoice number. Memos do not affect the application of payments to specific Invoices, but they are helpful in two very important ways. First, if you send your customers statements,

only the information in the *Check #*, *Date*, and *Memo* fields will show on statements, along with a three-letter code (PMT), representing the Payment transaction. Also, if you ever have to go back to the transaction and verify that you've applied the payment to the correct Invoice(s), you'll be able to look at the *Memo* field to see the Invoice(s) to which you *should* have applied the payments.

Step 8. Confirm that **Invoice #3947** is already checked.

**Note:**

**When One Payment Applies to More than One Invoice**

You can apply one check from a customer to multiple Invoices. When you receive payments, you can override the amounts in the **Payment** column to apply the payment to Invoices in whatever combination is necessary.

**When You Don't Want to Apply the Entire Amount of the Payment**

If you don't want to apply the entire amount of the customer's check to the Invoice, reduce the amount in the **Payment** column. You can apply the remaining balance of the customer's check to additional Invoices. If you do not, QuickBooks will give you a choice to either hold the remaining balance as a credit for the customer or refund the amount to the customer.

**Customer Payment**

Received From: Mason, Bob Customer Balance: 1,427.40

Amount: 401.39 Date: 01/26/2015

Pmt. Method: Check Check #: 5256

Memo: Payment Received - Invoice #3947 Where does this payment go?

Process payment when saving Find a Customer/Invoice...

Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓ 12/18/2014	3947	401.39		401.39	401.39
01/09/2015	2015-104	776.47		776.47	0.00
01/26/2015	2015-106	249.54	02/05/2015	249.54	0.00
<b>Totals</b>		1,427.40		1,427.40	401.39

This customer has discounts available. To apply discounts click Discount & Credits...

Amounts for Selected Invoices

Amount Due	Applied
401.39	401.39
Discount and Credits Applied	0.00

Buttons: Un-Apply Payment, Discount & Credits..., Save & Close, Save & New, Clear

Figure 2-29 Completed Receive Payments window

Step 9. Verify that the **Amount Due** and **Payment** columns for the selected invoice both show **\$401.39**.

The checkmark to the left of the **Date** column indicates the Invoice to which QuickBooks will apply the payment. QuickBooks automatically selected this Invoice because the amount of the customer's check is the same as the unpaid amount of the Invoice. See *Preferences for Applying Payments* on page 59. If applicable, you can deselect the Invoice by clicking on the checkmark. You can then select another Invoice from the list.

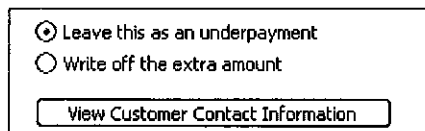
Step 10. Verify that your screen matches Figure 2-29. If you see errors, correct them.

Step 11. Click **Save & Close** to record the Payment transaction.

## Handling Partial Payments

In the last example, Bob Mason paid Invoice #3947 in full.

However, if a customer pays only a portion of an Invoice, you should record the payment just as you did in the last example except that the amount would be less than the full amount due on any of the open Invoices. Apply the payment to the appropriate Invoice. QuickBooks will give the option to either leave the Invoice open or write off the unpaid amount. By clicking the *View Customer Contact Information* button, QuickBooks displays the *Edit Customer* window that allows you to see the customer's contact information. This is helpful if you need to contact the customer to ask a question about the partial payment (see Figure 2-30).



☒ Leave this as an underpayment  
☐ Write off the extra amount  
[View Customer Contact Information](#)

Figure 2-30 Partial Payment of Invoice

If you chose to leave the underpayment, the next time you use the **Receive Payments** function for that customer, the Invoice will show the remaining amount due. You can record additional payments to the Invoice in the same way as before.

## Receiving Payments by Credit Card

The next example shows that Maria Cruz paid off the amount owing on the Branch Opening job. Maria Cruz used a credit card to pay her invoices, so this example shows how to receive credit card payments.

### COMPUTER PRACTICE

- Step 1. From the *Customer Center* select the **Cruz, Maria:Branch Opening** job from the *Customers & Jobs* list. Select **Receive Payments** from the *New Transactions* drop-down list.
- Step 2. Enter data into the *Received From*, *Amount*, and *Date* fields as shown in Figure 2-31.
- Step 3. Enter **American Express** in the *Pmt. Method* field and then press **Tab**.
- Step 4. Leave the *Reference#* field blank. Press **Tab**.

**Customer Payment**

Received From: Cruz, Maria: Branch Opening      Customer Balance: 4,978.89

Amount: 4,978.89      Date: 01/27/2015

Pmt. Method: American Express      Reference #:

Memo: Payment Received - multiple invoices      Where does this payment go?

Card No.: xxxxxxxxxxxxxx12345      Exp. Date: 05 / 2016

☐ Process American Express payment when saving      Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓	01/05/2015	2015-101	570.00	01/15/2015	570.00	570.00
✓	01/06/2015	2015-102	500.00	01/16/2015	500.00	500.00
✓	01/13/2015	2015-105	880.00	01/23/2015	880.00	880.00
✓	01/26/2015	2015-107	3,028.89	02/05/2015	3,028.89	3,028.89
<b>Totals</b>			4,978.89		4,978.89	4,978.89

This customer has discounts available. To apply discounts click Discount & Credits...

Amounts for Selected Invoices

Amount Due: 4,978.89

Un-Apply Payment      Applied: 4,978.89

Discount & Credits...      Discount and Credits Applied: 0.00

Save & Close      Save & New      Clear

Figure 2-31 Customer Payment by Credit Card

- Step 5. Enter **Payment Received – multiple invoices** in the **Memo** field. Press **Tab**.
- Step 6. Enter **1234-123456-12345** in the **Card No.** field. Press **Tab**.
- QuickBooks shows the credit card number with some x's for security purposes.
- Step 7. Enter **05**, then press **Tab** and enter **2016** in the **Exp. Date** fields.
- Step 8. Verify that your screen matches Figure 2-31 and click **Save & Close**. If the Merchant Account Service Message appears, click the **Not Now** button.

**Note:**

If you want to keep a record of the customer's credit card information, including card number, expiration date, billing address and billing zip code, enter credit card information into the **Payment Info** tab of the Customer or Job record before you process the payment through the Receive Payments window. When you enter the customer or job name, QuickBooks will enter the credit card information automatically.

**Where Do the Payments Go?**

Recall the earlier discussion about **Undeposited Funds** beginning on page 46. Unless you turned off "Use Undeposited Funds as a default deposit to account" preference, QuickBooks does not increase your bank balance when you receive payments. Instead, when you record a payment transaction as shown above, QuickBooks reduces the balance in **Accounts Receivable** and increases the balance in **Undeposited Funds**. In order to have your payments show up in your bank account (and reduce **Undeposited Funds**), you must **Make Deposits**. See the section called *Making Bank Deposits* beginning on page 63.

**The accounting behind the scenes:**

Payments increase (debit) **Undeposited Funds** (or a bank/other current asset account) and decrease (credit) **Accounts Receivable**.

**Preferences for Applying Payments**

As soon as you enter the customer name at the top of the *Receive Payments* window and press **Tab**, QuickBooks displays all of the open Invoices for that customer in the lower section of the window. See Figure 2-32.

✓	Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓	01/05/2015	2015-101	570.00	01/15/2015	570.00	570.00
	01/06/2015	2015-102	500.00	01/16/2015	500.00	0.00
	01/13/2015	2015-105	880.00	01/23/2015	880.00	0.00
	01/26/2015	2015-107	3,028.89	02/05/2015	3,028.89	0.00
<b>Totals</b>			<b>4,978.89</b>		<b>4,978.89</b>	<b>570.00</b>

Figure 2-32 Payment automatically applied to the oldest Invoice

Then, when you enter the payment amount, QuickBooks looks at all of the open Invoices for that customer. If it finds an amount due on an open Invoice that is the exact amount of the payment, it matches the payment with that Invoice. If there is no such match, it applies the payment to the *oldest* Invoice first and continues applying to the next oldest until the payment is completely applied. If this auto application of payments results in a partially paid Invoice, QuickBooks holds the balance on that Invoice open for the unpaid amount. This is a feature called *Automatically Apply Payments*.

If you select an Invoice in the Receive Payments form before entering an Amount Received, QuickBooks calculates the sum of the selected Invoice(s) and enters that sum into the Amount Received field. This feature is called *Automatically Calculate Payments*.

**COMPUTER PRACTICE**

To modify the **Automatically Apply Payments** and **Automatically Calculate Payments** setting, change the **Company Preferences for Payments**.

Follow these steps:

- Step 1. Select the *Edit* menu and then select **Preferences** (see Figure 2-33).
- Step 2. Select the **Payments** icon from the preference category in the list on the left. Then click the **Company Preferences** tab.
- Step 3. Check or uncheck the *Automatically apply payments* box to change it. For now, leave it checked.

With this feature disabled, in the Receive Payments window you will have to click **Auto Apply Payment** for each payment you process, or you will have to manually apply payments to Invoices by clicking in the column to the left of the Invoice and modifying the amount in the **Payment** column as necessary.

- Step 4. You can change the *Automatically calculate payments* box by checking or unchecking it. For now, leave it checked.

When this preference is on, QuickBooks will automatically calculate the payment received from the customer in the **Amount** field of the Receive Payments window as you select the Invoices. When this preference is off, QuickBooks does not automatically calculate payments.

Step 5. Click OK.

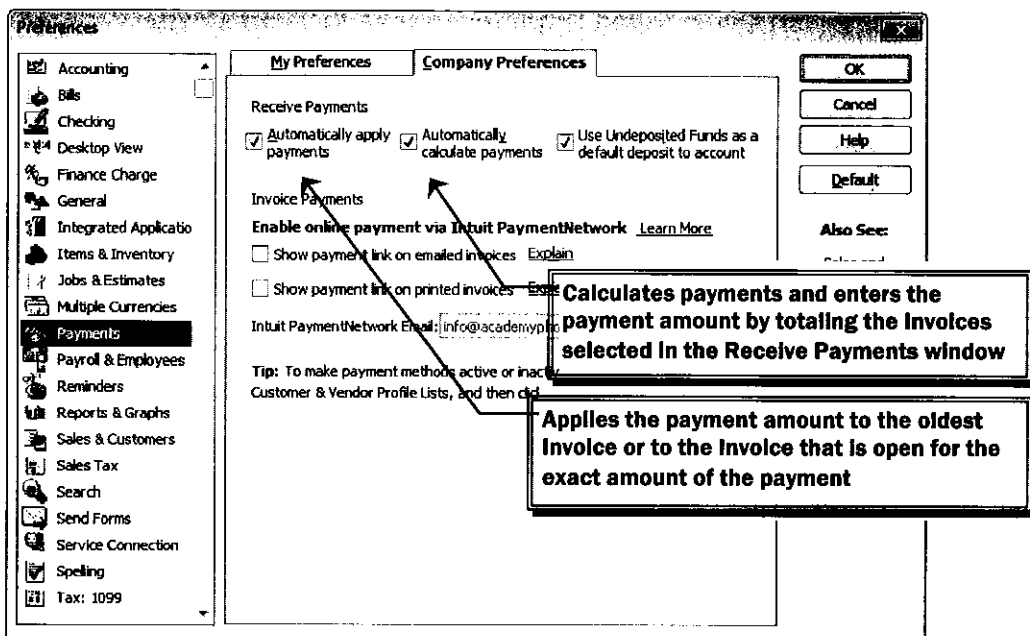


Figure 2-33 Preference for automatically applying payments

## Recording Customer Discounts

What if your customer takes advantage of the discount you offer on your Invoice? In the next example, the payment you receive is less than the face amount of the Invoice because the customer took advantage of the 2% 10 Net 30 discount terms that Academy Photography offers.

### COMPUTER PRACTICE

Follow these steps to record a payment on which the customer took a discount:

- Step 1. From the *Customer Center* select **Mason, Bob** from the *Customers & Jobs* list. Then select **Receive Payments** from the *New Transactions* drop-down list.
- Step 2. Enter all the customer payment information as shown in Figure 2-34. The customer is paying for Invoice #2015-106 after taking the discount allowed by the terms.

Figure 2-34 Top portion of the Receive Payments window

- Step 3. The bottom portion of the *Receive Payments* window (see Figure 2-35) displays the open Invoices for this customer. If the customer is eligible for discounts, a message will appear as shown just below the open Invoices. The **Disc. Date** column shows the date through which the customer is eligible to take a discount.

If the amount paid is not an exact match with any Invoice balance, QuickBooks will automatically apply the payment to the oldest Invoices. Here, Invoice #2015-104 is automatically selected since the amount \$244.55 does not match any open invoices. The underpayment is also displayed. We'll fix this in the next step.

✓	Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓	01/09/2015	2015-104	776.47		776.47	244.55
	01/26/2015	2015-106	249.54	02/05/2015	249.54	0.00
Totals			1,026.01		1,026.01	

This customer has discounts available. To apply discounts click Discount & Credits...

Underpayment \$531.92. When you finish, do you want to:

☒ Leave this as an underpayment

☐ Write off the extra amount

View Customer Contact Information

Un-Apply Payment

Discount & Credits

Save & Close

Save & New

Clear

Amounts for Selected Invoices

776.47
244.55
0.00

Discount date is displayed for Invoices where it is allowed.

This message appears when the customer is eligible for a discount.

Figure 2-35 Bottom portion shows discount and credit information box, Invoice for payment and Underpayment

#### Note:

In the *Receive Payments* window the Underpayment amount is displayed with options to **Leave this as an underpayment** or **Write off the extra amount**. These options are displayed when the payment is less than the amount due on the selected Invoices. Similarly, Overpayment amounts are displayed with options to **Leave the credit to be used later** or **Refund the amount to the customer** when the payment is more than the amount due on the selected Invoices.

#### Tip:

If the payment amount doesn't add up exactly to the discounted amount, you'll need to make a choice. If the payment is too high, you could reduce the amount of the discount by lowering the amount in the *Discounts and Credits* window. If the payment is too low, you could raise the amount in the *Discounts and Credits* window. If the payment amount is significantly different, you can apply the amount of the payment and then send a Statement to the customer showing the balance due (if the payment is too low) or send a refund to the customer (if the payment is too high).

- Step 4. Click in the column to the left of Invoice #2015-104 to uncheck it and then click to check Invoice #2015-106 (see Figure 2-36). This moves the payment so that it now applies to Invoice #2015-106. Make sure to uncheck #2015-104 before checking #2015-106, or you will see a Warning message.

✓	Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
	01/09/2015	2015-104	776.47		776.47	0.00
✓	01/26/2015	2015-106	249.54	02/05/2015	249.54	244.55
Totals			1,026.01		1,026.01	244.55

Figure 2-36 Payment is now applied to the correct Invoice

- Step 5. Since the customer took advantage of the 2% 10 Net 30 terms that Academy Photography offered him, you'll need to reduce the amount due by 2%. To apply the discount to this Invoice, click **Discount and Credits** on the bottom of the *Receive Payments* window (see Figure 2-37).

This customer has discounts available. To apply discounts click Discount & Credits...

Underpayment \$4.99. When you finish, do you want to:

- ☒ Leave this  
☐ Write off

Click the Discounts and Credits button to apply discount to an invoice.

View Customer

Un-Apply Payment

Discount & Credits...

Amounts for Selected Invoices

Amount Due	249.54
Applied	244.55
Discount and Credits Applied	0.00

Figure 2-37 Discount and Credits Option

- Step 6. QuickBooks calculates and enters a suggested discount based on the terms on the customer's Invoice as shown in Figure 2-38. You can override this amount if necessary. Press **Tab**.

Discount and Credits

Invoice

Customer: Job Mason, Bob

Number 2015-106

Date 01/26/2015

Original Amt. 249.54

Amount Due 249.54

Discount Used 4.99

Credits Used 0.00

Balance Due 244.55

Discount

Discount Date 02/05/2015

Terms 2% 10 Net 30

Suggested Discount 4.99

Amount of Discount 4.99

Discount Account 46000 Sales Discounts

Discount Class San Jose

Done Cancel Help

QuickBooks calculates the Suggested Discount, based upon the payment date, and enters it here.

Figure 2-38 Discounts and Credits window

- Step 7. Select **46000 Sales Discounts** in the *Discount Account* field. Press **Tab**.

The *Discount Account* field is where you assign an account that tracks the discounts you give to your customers.

- Step 8. Enter **San Jose** in the *Class* field and then click **Done**.

Since Academy Photography uses class tracking, you will need to enter the appropriate class in this field. If you do not classify this transaction, QuickBooks will display the amount in an *Unclassified* column on the **Profit & Loss by Class** report. Refer to the Invoice you are discounting to determine the Class. Academy Photography uses the **San Jose** Class when recording Invoice 2015-106.



After recording the discount, the *Receive Payments* window reflects Total Discount and Credits Applied at the bottom of the Receive Payments window.

**Receive Payments**

Previous Next Print History Get Online Pmts Attach

**Customer Payment**

Received From: Mason, Bob Customer Balance: 1,026.01

Amount: 244.55 Date: 01/27/2015

Pmt. Method: Check Check #: 5860

Memo: Payment Received - Invoice #2015-106 Where does this payment go?

Process payment when saving Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Discount	Payment
	01/09/2015	2015-104	776.47		776.47	0.00	0.00
✓	01/26/2015	2015-106	249.54	01/27/2015	249.54	4.99	244.55
Totals			1,026.01		1,026.01	4.99	244.55

Amounts for Selected Invoices

Amount Due: 249.54

Applied: 244.55

Discount and Credits Applied: 4.99

Un-Apply Payment Discount & Credits...

After recording the discount, the Discount and Credits Applied amount is updated to reflect the discount.

Save & Close Save & New Clear

Figure 2-39 Receive Payments window after (recording the discount)

- Step 9. Verify that your screen matches Figure 2-39.
- Step 10. Click **Save & Close** to record the transaction.
- Step 11. Close the Customer Center.

## Making Bank Deposits

As you record payments from customers using the *Enter Sales Receipts* and *Receive Payments* windows, by default these payments are posted to a special QuickBooks account called **Undeposited Funds**. When you deposit these payments into your bank account, you will record a *Deposit* transaction. Deposit transactions move money from the **Undeposited Funds** account to the appropriate bank account. As you will see in this section, QuickBooks provides a special window (the *Payments to Deposit* window) to help you identify which payments are included on each deposit.

Since you will probably receive payments from your customers in several different ways (checks, cash, and credit cards), you'll want to record deposits of each payment type separately. This way, your deposits in QuickBooks will match what actually takes place at your bank, and your bank reconciliations will be much easier.

Therefore, when you make deposits, you'll deposit groups of each payment type together into deposits. Start with the checks and cash, followed by the MasterCard and VISA receipts, then the American Express receipts, and then the Discover receipts.

## Depositing Checks and Cash

### COMPUTER PRACTICE

To enter a deposit, follow these steps:

Step 1. From the *Home* page select **Record Deposits**.

Since you have payments stored in the **Undeposited Funds** account, QuickBooks displays the *Payments to Deposit* window (see Figure 2-40).

**Payments to Deposit**

Select View  
View payment method type: All types [What are payment method views?](#)  
Sort payments by: Payment Method

Select Payments to Deposit

✓	Date	Time	Type	No.	Payment Method	Name	Amount
<input checked="" type="checkbox"/>	01/25/2015		RCPT	2015-1	Check	Perez, Jerry	279.03
<input checked="" type="checkbox"/>	01/26/2015		PMT	5256	Check	Mason, Bob	401.39
<input checked="" type="checkbox"/>	01/27/2015		PMT	5860	Check	Mason, Bob	244.55
<input checked="" type="checkbox"/>	01/27/2015		PMT		American Express	Cruz, Maria:Branch Opening	4,978.89

0 of 4 payments selected for deposit      Payments Subtotal: 0.00

Figure 2-40 Select the payments to deposit

Step 2. Select **Cash and Check** from the *View Payment Method Type* drop-down list (see Figure 2-41).

Since the checks and cash you deposit in your bank account will post to your account separately from credit card receipts, it is best to filter the report by payment type and then create a separate deposit for each payment type. Depending on your merchant service, you will probably need to create a single deposit for your MasterCard and VISA receipts. Most merchant services combine MasterCard and VISA receipts when they credit your bank account.

#### Tip:

Since you can filter the *Payments to Deposit* window by only one payment method at a time, using a single **Payment Method** for *Checks* and *Cash* will allow you to filter for both payment methods on this window. Depending on your merchant service, you may want to create a single **Payment Method** for *MasterCard* and *VISA* as well. To edit **Payment Methods** select the *Lists* menu, then select **Customer & Vendor Profile Lists**, and then select **Payment Methods List**. Once the *Payment Method List* window opens, select the *Payment Method* and select **Edit Payment Method** from the *Payment Method* menu.

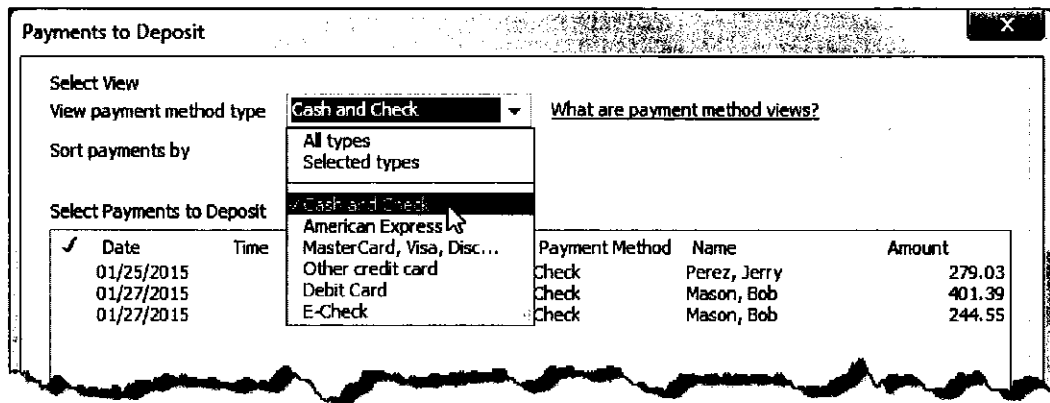


Figure 2-41 Cash and Check payments

Step 3. Click **Select All** to select all of the cash and check deposits. See Figure 2-42. Click **OK**.

A checkmark in the column on the left indicates that QuickBooks will include the payment on the deposit.

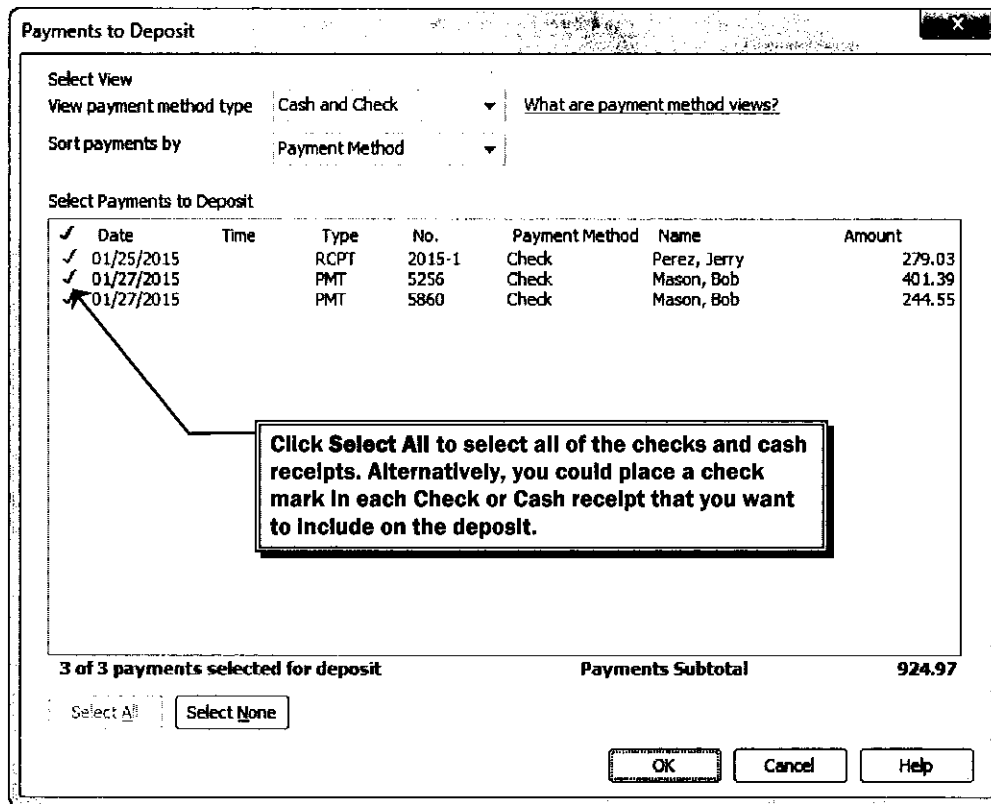


Figure 2-42 Select the payments to deposit

Step 4. In the *Make Deposits* window, the **Checking** account is already selected in the *Deposit To* field (see Figure 2-43). The payments will be deposited to this bank account. Press **Tab**.

Make Deposits

Previous Next Save Print Payments History Attach

Deposit To: 10100 - Ch... Date: 01/27/2015 Memo: Deposit Checks

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Perez, Jerry	12000 - Undeposited Funds	Indoor Session, 2 Premium ...	3612	Check	San Jose	279.03
Mason, Bob	12000 - Undeposited Funds	Payment Received - Invoic...	5256	Check		401.39
Mason, Bob	12000 - Undeposited Funds	Payment Received - Invoic...	5860	Check		244.55
	24200 - Line of Credit	Loan Proceeds	23451	Check		10,000.00
Deposit Subtotal						10,924.97

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: Cash back memo: Cash back amount:

Deposit Total: 10,924.97

Save & Close Save & New Clear

**To add non sales-related deposits such as refunds from vendors, owner's contributions, or loans, add them to the first blank line of the deposit as shown here.**

Figure 2-43 Make Deposits window

- Step 5. Enter **01/27/2015** if it does not already display in the *Date* field and press **Tab**.
- Step 6. Enter **Deposit Checks** in the *Memo* field and press **Tab**.
- Step 7. On this deposit, we will add a non-sales-related item, as follows:
- On the first blank line, enter **Line of Credit** in the *From Account* column and press **Tab**. The *From Account* column on the *Make Deposits* window shows the account that the deposit is coming "from."
  - Enter **Loan Proceeds** in the *Memo* column and press **Tab**.
  - Enter **23451** in the *Chk No.* column and press **Tab**.
  - Enter **Check** in the *Pmt Meth.* column and press **Tab**.
  - Press **Tab** to skip the *Class* column.
  - Enter **10,000.00** in the *Amount* column.
- Step 8. If you wish to print the deposit slip, click **Print** on the *Make Deposits* window. Select **Deposit slip and deposit summary** on the window shown in Figure 2-44 and click **OK**.

**Note:**

QuickBooks can print deposit slips on preprinted deposit slips. To make this feature work for you, you'll need to order preprinted deposit slips that match the QuickBooks format.

Print Deposit

What would you like to print?

☒ Deposit slip and deposit summary

☐ Deposit summary only

OK Cancel

Figure 2-44 Print Deposit window for deposit slips

Step 9. Click **Save & Close** to record the deposit.

**The accounting behind the scenes:**

In the deposit transaction (Figure 2-43) the checking account will increase (with a debit) by the total deposit (\$10,924.97). All of the customer checks are coming from the **Undeposited Funds** account, and the loan proceeds are coming from the Line of Credit account. The customer checks will decrease (credit) the balance in **Undeposited Funds** and the loan from the owner will increase (credit) the balance in the Line of Credit account.

## Holding Cash Back from Deposits

If you hold cash back when you make your deposits to the bank, fill in the bottom part of the deposit slip indicating the account to which you want to post the cash (see Figure 2-45).

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to	Cash back memo	Cash back amount
<input type="text"/>	<input type="text"/>	<input type="text"/>
		Deposit Total 10,924.97
		<input type="button" value="Save &amp; Close"/> <input type="button" value="Save &amp; New"/> <input type="button" value="Clear"/>

Figure 2-45 The bottom of the deposit slip deals with cash back

There are two ways you might use the cash back section of the deposit:

1. If you're splitting the deposit between two different bank accounts, you could enter the other bank account and amount here. For example, if you send part of the funds from the deposit to the Money Market account, you could enter **Money Market** in the *Cash back goes to* field and the amount in the *Cash back amount* field.
2. If you routinely hold back funds from your deposits and use them for several different purchases, you may want to set up a new QuickBooks bank account called **Petty Cash** and enter that account in the *Cash back goes to* field. The Petty Cash account is not really a bank account, but it's an account where you can track all your cash expenditures.

**Tip:**

It's not a good idea to hold cash back from deposits as "pocket money." If your business is a Sole Proprietorship, it's better to write a separate check (or ATM withdrawal) and then code it to **Owner's Draw**. This is a much cleaner way to track the money you take out for personal use. Discuss this with your QuickBooks ProAdvisor, or with your accountant.

## Depositing Credit Card Payments

As mentioned previously, to ensure that your bank reconciliations go smoothly, you should always deposit your checks and cash separately from your credit card payments.

### COMPUTER PRACTICE

- Step 1. Select the **Banking** menu, and then select **Make Deposits**. The *Payments to Deposit* window opens.

- Step 2. Click in the left column on the line to select the American Express receipt (see Figure 2-46). Then click **OK**. The *Make Deposits* window opens.

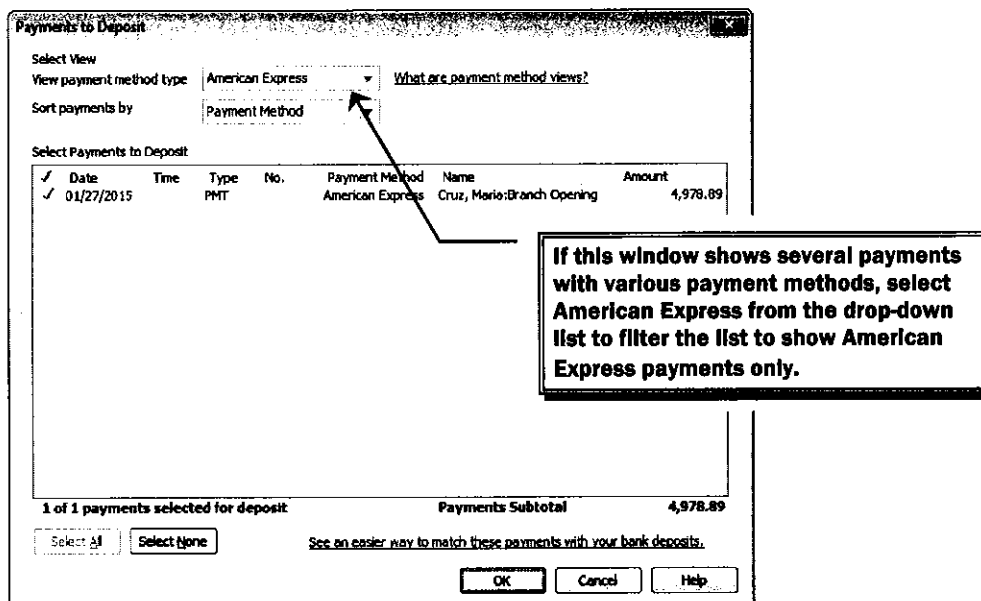


Figure 2-46 Payments to Deposit window

- Step 3. The **Checking** account is already selected in the *Deposit to* field. Press **Tab**.
- Step 4. Enter **01/27/2015** if it is not already entered in the *Date* field. Press **Tab**.
- Step 5. Enter **Deposit American Exp** in the *Memo* field.

As stated earlier, make sure you group together receipts in a way that agrees with the actual deposits made to your bank. This is a critical step in making your bank reconciliation process go smoothly.

- Step 6. On the first blank line of the deposit slip, enter **Bankcard Fees** in the **From Account** column and then press **Tab**.

You only need to create this line if your credit card processing company (or your bank) charges a discount fee on each credit card deposit rather than monthly.

- Step 7. Enter **Discount Fee** in the **Memo** column and then press **Tab**.
- Step 8. Press **Tab** to skip the **Chk No.** column.
- Step 9. Enter **American Express** in the **Pmt Method** column and then press **Tab**.
- Step 10. Enter **Walnut Creek** in the **Class** column and then press **Tab**.
- Step 11. You can use the QuickMath feature to enter the discount fee directly on the **Make Deposit** window. Enter **4978.89 \* -.02** in the **Amount** column and press **Enter**.

*QuickMath* is a feature that helps you add, subtract, multiply, or divide in any QuickBooks Amount field. When you enter the first number (4978.89), it shows normally in the *Amount* column. Then when you enter the \* (asterisk key or Shift+8), QuickMath shows a small adding machine tape on your screen (see Figure 2-47). Continue typing your formula for recording the discount fee. If the discount is 2%, enter **-.02** (minus point zero two) and press **Enter**. The result of the calculation shows in the *Amount* column (**-99.58**). The **minus sign makes the result a negative number and reduces the amount of your deposit**. This also increases (debits) your **Bankcard Fees** expense account.

Step 12. Press **Tab** to have the total of the deposit updated automatically.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Cruz, Maria:Branch Opening	12000 - Undeposited Funds	Payment Received - multiple Invoices		American Express		4,978.89
	60500 - Bankcard Fees	Discount Fee		American Exp...	Walnut	-.02

Figure 2-47 QuickMath makes an adding machine tape appear

Step 13. Verify that your screen matches Figure 2-48. Click **Save & Close**.

Figure 2-48 Make Deposits window after a credit card deposit

Now that you have entered your deposits, the checking account register shows each deposit and the updated balance in the account.

### COMPUTER PRACTICE

To see the detail of a deposit, follow these steps:

- Step 1. Click the **Chart of Accounts** icon on the *Home* page.
- Step 2. Double-click on the **Checking** account in the *Chart of Accounts* window.
- Step 3. Scroll up until you see the two deposit transactions shown in Figure 2-49.
- Step 4. Close the *Checking* register and *Chart of Accounts*.

Date	Number	Payee	Payment	✓	Deposit	Balance
01/20/2015	6004	Ace Supply	123.48			14,089.00
01/27/2015	DEP	-split-			10,924.97	25,013.97
01/27/2015	DEP	-split-			4,879.31	29,893.28
01/28/2015	CHK	National Bank	2,102.00			27,791.28
Ending balance						27,366.28

Figure 2-49 Checking register after entering deposits

## Review Questions

Select the best answer(s) for each of the following:

1. In the *New Customer* window, you find everything except:
  - a) Customer Name.
  - b) Customer Bill To and Ship To address.
  - c) Customer active/inactive status.
  - d) Year-to-date sales information.
2. You should record a Sales Receipt when the customer pays:
  - a) By cash, check, or credit card at the time of sale.
  - b) By cash, check, or credit card at the end of the month.
  - c) Sales tax on the purchase.
  - d) For the order upon receipt of Invoice.
3. Which statement is false?
  - a) Invoices are very similar to the Sales Receipt form.
  - b) Invoices decrease Accounts Receivable.
  - c) Sales Receipts have no effect on Accounts Receivables.
  - d) Invoices should be created when customers are going to pay after the date of the initial sale.
4. You may specify payment Terms on the *New Customer* window; however:
  - a) The payment Terms will only show on Sales Receipt transactions.
  - b) The Terms can only be changed once a year.
  - c) The sales representative must be informed.
  - d) You are also permitted to override the Terms on each sale.
5. Your company has just accepted a payment for an Invoice. What should you do in QuickBooks to record this payment?
  - a) Open the Invoice by clicking the **Invoices** icon on the *Home* page.
  - b) Create a Sales Receipt by clicking the **Sales Receipt** icon on the *Home* page.
  - c) Make a deposit by clicking the **Record Deposits** icon on the *Home* page.
  - d) Receive the payment by clicking the **Receive Payments** icon on the *Home* page.

## Sales-Problem 1

### APPLYING YOUR KNOWLEDGE

Restore the Sales-12Problem1.QBM file.

1. Enter your own name and address information into the Customer Center List. Then print the Customer List by selecting the *Reports* menu, *List*, and then *Customer Contact List*.
2. Enter a Sales Receipt using the data in Table 2-4. The payment will be automatically grouped with other payments in **Undeposited Funds** account. You'll need to create the customer record using Quick Add, or by setting it up in the list before adding the sale. Print the sale on blank paper.



Field	Data
Customer Name	<i>Horwitz, Daniel</i>
Class	<i>Walnut Creek</i>
Date	<i>01/29/2015</i>
Sale #	<i>2015-1</i>
Sold To	<i>Daniel Horwitz 1695 Blue Sky Pkwy Walnut Creek, CA 94599</i>
Check No	<i>477</i>
Payment Method	<i>Check</i>
Item	<i>Camera SR32, Qty 2, \$695.99</i>
Item	<i>Case, Qty 2, \$79.99</i>
Sales Tax	<i>Contra Costa (8.25%) – Auto Calculates</i>
Total Sale	<i>\$1,680.00</i>
Customer Tax Code	<i>Tax</i>
Memo	<i>2 Cameras, 2 Cases</i>

Table 2-4 Use this data for a Sales Receipt in Step 2

3. Enter an Invoice using the data in the table below. Print the Invoice on blank paper.

Field	Data
Customer Name	<i>Pelligrini, George: 1254 Wilkes Rd.</i>
Class	<i>San Jose</i>
Custom Template	<i>Academy Photo Service Invoice</i>
Date	<i>01/31/2015</i>
Invoice #	<i>2015-106</i>
Sold To	<i>Pelligrini Builders 222 Santana Ave. Los Gatos, CA 94482</i>
PO Number	<i>8324</i>
Terms	<i>Net 30</i>
Item	<i>Indoor Photo Session, Qty 6, \$95/hour (Non-taxable)</i>
Item	<i>Retouching, Qty 1 (hrs), \$95/hour (Non- taxable)</i>
Sales Tax	<i>Santa Clara (8.25%) – Auto Calculates</i>
Total Sale	<i>\$665.00</i>
Memo	<i>6 Hour Session, 1 Hour Retouching</i>

Table 2-5 Use this data for an Invoice in Step 3

4. Enter a second Invoice using the data in the table below. Print the Invoice on blank paper. You will need to add this customer either through *Quick Add* or entering the customer information in the *Customer Center*.

Field	Data
Customer Name	Fuller, Nathan
Class	San Jose
Custom Template	Academy Photo Service Invoice
Date	01/31/2015
Invoice #	2015-107
Sold To	Nathan Fuller 99050 Market St. Santa Clara, CA 95111
PO Number	736555
Terms	2% 10 Net 30
Item	Indoor Photo Session, Qty 3, \$95/hour (Non-taxable)
Sales Tax	Santa Clara (8.25%) – Auto Calculates
Total Sale	\$285.00
Memo	3 Hour Session

Table 2-6 Use this data for an Invoice in Step 4.

5. Record a payment dated **2/15/2015** for **\$285.00** from Nathan Fuller (check #5342) and apply it to Invoice **2015-107**.
6. On **2/15/2015**, you received a partial payment from George Pelligrini for the **1254 Wilkes Rd.** Job for \$300. American Express payment, card #4321-654321-54321, expires in 5/2016.
7. On **2/15/2015**, deposit everything from the **Undeposited Funds** account using the following:
  - a) Deposit Cash and Check payments together (Memo: Deposit Checks). Print **Deposit Slip and Deposit Summary** onto blank paper.
  - b) Deposit American Express payments separately (Memo: Deposit American Express). Record a 2% bankcard discount fee (use QuickMath to calculate) on the credit card deposit number (Account - Bankcard Fee, Payment Method - American Express, Memo-2% Discount Fee). This amount should be a negative number. Print **Deposit Summary Only** onto blank paper.